



Government of
Saskatchewan

Annual Report 2005-2006

Saskatchewan
Rural Development



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This annual report is also available in electronic format from the department's website at www.rd.gov.sk.ca.

Letters of Transmittal



Her Honour the Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report for the Department of Rural Development for the fiscal year ending March 31, 2006.

Clay Serby

Clay Serby
Minister of Regional Economic and Co-operative Development



The Honourable Clay Serby
Minister of Regional Economic and Co-operative Development

Dear Sir:

I have the honour of submitting the Annual Report for the Department of Rural Development for the fiscal year ending March 31, 2006.

Louise Greenberg

Dr. Louise Greenberg
Deputy Minister

Introduction

This is the first Annual Report of the Department of Rural Development. The report describes key accomplishments in 2005-06 falling within the Department's mandate at that time. On April 1, 2006, Rural Development took on additional responsibilities, a revised mandate and changed its name to Regional Economic and Co-operative Development. As this report is for the period April 1, 2005 to March 31, 2006, contents will refer to the Department of Rural Development and to those responsibilities held at that time.

As the Department's Performance Plan is currently being developed, detailed reporting on the responsibilities outlined in the approved Plan will occur in the 2006-07 Annual Report. Future reports will include comparisons – both financial and performance - in relation to the approved Plan. This reporting will increase accountability to the public.

The government-wide Budget and Performance Plan Summary for 2005-06 is available at www.gov.sk.ca/finance/budget/budget05/budgetsummary.pdf.

Who We Are

The Department of Rural Development was officially formed in April 2005 to consolidate a number of existing government services into a single entity to better serve rural residents. The mandate of the Department was "to work with individuals, businesses, co-operatives, communities and government departments to promote and enhance rural development." Several existing programs and resources were transferred from Saskatchewan Industry and Resources and Agriculture and Food to make up the new department, including:

- The Rural Issues Office from Saskatchewan Agriculture and Food.
- Responsibility for 26 of the 28 REDAs from Industry and Resources (all but the Regina and Saskatoon REDAs).
- The SBLA Program and associated Youth Opportunities Unleashed Program from Industry and Resources.
- Responsibility for development of the co-operative sector, business and economic development assistance for rural areas and the associated regional offices and the Saskatchewan Made Program from Industry and Resources.

The Department was provided shared responsibility for *The Economic and Co-operative Development Act* and *The Rural Development Act*, which allows the appropriate legislative authority to carry out programming.

With these changes, the Government brought together the expertise and the resources necessary to help rural residents to sustain and grow their local economies. Programming and services build on the role of promoting and enhancing economic development in rural areas in order to increase economic opportunities and build thriving communities.

Programming and Services

The Department provides tools and services to strengthen, support and encourage business, co-operative and community economic development in Saskatchewan through its three main thrusts of policy and planning, investment programs and program development, support and delivery.

Policy and Planning

The Action Committee on the Rural Economy (ACRE) was formed in September 2000 by the Government of Saskatchewan to act as a catalyst for innovative ideas that address the challenges and opportunities facing rural Saskatchewan. Since its inception, this industry and stakeholder committee has developed comprehensive recommendations for positive change and economic growth in rural areas. The Department supports ACRE and works with departments, Crowns and agencies in analyzing and implementing ACRE's recommendations where feasible. The Department also analyzes, develops and designs policies and programs related to economic development.

Investment Programs

The Department administers the Small Business Loans Associations (SBLAs) Program. SBLAs can access an interest-free line of credit from which SBLAs provide loans to new and existing businesses. This programming targets businesses that may not be able to access necessary funds through traditional means to start, improve, or expand their businesses. As an enhancement to the SBLA Program, the Youth Opportunities Unleashed Program targets 18 to 30 year olds with mentorship and training programs in addition to SBLA loan access.

Program Development, Support and Delivery

Staff provide counselling, assessment, information, pathfinding and referral services to facilitate and encourage entrepreneurship, business networks and alliances, economic development efforts and business development, retention and expansion. Programming is carried out at an individual and community level.

Saskatchewan has a strong co-operative sector of approximately 1,200 co-operatives and credit unions, which range from small community service organizations to some of Saskatchewan's largest businesses. The Department supports the promotion and development of new and expanding co-operatives through technical assistance, administration of the Co-operative Development Assistance Program and funding to the Centre for Co-operative Studies.

The Department provides funding and support to 26 of the 28 Regional Economic Development Authorities (REDAs) in the province (all but Regina and Saskatoon). REDAs are community-driven organizations that have pooled their resources, engaged in strategic partnerships with key economic stakeholders and developed action plans to drive economic development activities and projects in their regions. REDAs access grant funding, based on matching dollars, to provide economic development services in their regions. The REDA Enhancement Fund provides further funding for special development projects undertaken by REDAs, while the REDA Youth Employment Program provides REDAs with funding to hire business students or recent graduates.

The Saskatchewan Made Program assists Saskatchewan manufacturers in identifying their products as "Saskatchewan Made." Programming promotes the province's products and expertise by profiling products that are produced from materials made or grown in Saskatchewan.

Rural Development also took on responsibility for administration of the Saskatchewan Snowmobile Trail Fund during 2005-06. Funding is garnered through registration fees, which is then used for operations and trail maintenance.

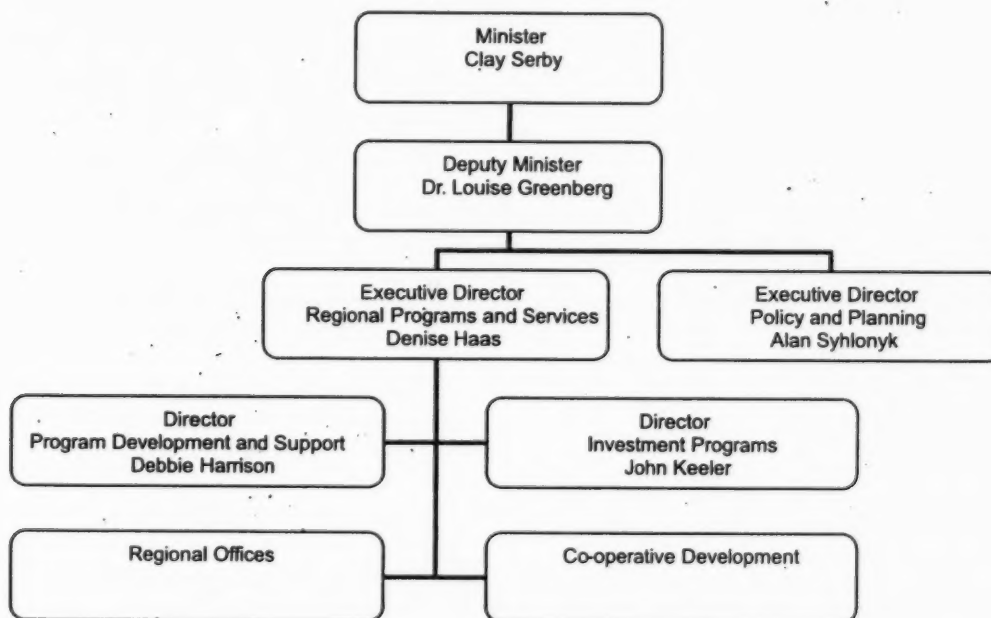
Key Partners

Staff work with key businesses, stakeholders, local organizations and government agencies on economic development activities while partnering with those offering complementary skills and resources. Some key partners include:

- Regional Economic Development Authorities;
 - Regional Economic Development Authorities Working Group;
 - Small Business Loans Associations;
 - the Action Committee on the Rural Economy;
 - Saskatchewan Co-operatives Association; and
 - Minister's Co-operative Advisory Council.
-

Department Organization

The Department, including the seven regional offices in Swift Current, Estevan, Regina, Yorkton, Prince Albert, North Battleford and Moose Jaw, has a total of 40 FTEs. Rural Development's structure was as follows on March 31, 2006:



2005-06 Results at a Glance

Summary of Key Accomplishments

In March 2005, government committed to consolidate a number of existing government services into a single entity to better serve rural residents. This was done on April 1, 2005 with the formation of the Department of Rural Development. 2005-06 was the first year of operations for the Department. Several key government programming areas were brought together in an effort to target resources necessary to help rural residents to sustain and grow their local economies. Programming continued to build on the achievements that Saskatchewan Industry and Resources and Agriculture and Food had with these portfolios.

As the Department's Performance Plan is currently under development, key accomplishments for 2005-06 will not be described in relation to Performance Plan goals and performance measures, but rather in relation to key accomplishments of programming areas and related outcomes. This section provides a summary of key accomplishments and financial results for the 2005-06 fiscal year. Additional details are provided further on in the report. Highlights of programming and results for 2005-06 include:

1. **Developed, implemented and facilitated economic development strategies.**
 - Established a renewable fuels working group and began work on a strategic plan for the renewable fuels industry in Saskatchewan.
 - Conducted a review and began development of a strategic plan for co-operative services with the Co-operative Advisory Council.
 2. **Provided information, training, pathfinding and advisory services to support economic, co-operative and business development.**
 - Developed and distributed two issues of the Department's newsletter *Communities at Work* to 225,000 rural households.
 - Provided business and co-operative development support for 5,843 inquiries through assessment, information, pathfinding and referral services.
 3. **Promoted and administered the Small Business Loans Association Program (SBLA).**
 - Provided over \$4.86 million in loan funding to 477 new and existing businesses.
 4. **Promoted and facilitated the Youth Opportunities Unleashed (YOU) Program.**
 - Provided over \$950,000 in SBLA loan funding to 80 new and existing businesses. These fall within the YOU category of total SBLA loans provided.
 5. **Developed and provided input into policy and program analysis and development undertaken by the Department and other departments and agencies.**
 - Amended The Small Business Loans Association Program Regulations.
 - Developed and implemented a new program to fund the Saskatchewan Snowmobile Trail Fund.
 6. **Provided administrative, facilitative and technical support to ACRE.**
 - Launched a formal monitoring process to review government's implementation of ACRE's recommendations.
 7. **Worked with other departments, Crowns and agencies in the assessment of ACRE recommendations and identification of potential actions.**
 - Continued to work with the Interdepartmental Rural Working Group on assessment and implementation of ACRE's recommendations.
- Organized and held six Action Committee on the Rural Economy (ACRE) Opportunities Conferences with 105 participants.
 - Responded and provided support to over 180 inquiries from potential, developing, new and existing co-operatives.
 - Provided funding to five projects through the Co-operative Development Assistance Program.

8. Administered the Regional Economic Development Authority (REDA) Youth Employment Program.

- Provided funding for 18 youth participants in 15 REDAs.

9. Promoted and facilitated the YOU Program business skills training and mentorship component.

- Began development of a Business Mentorship Institute that will support the YOU mentorship component.

10. Developed partnerships to facilitate information sharing, development of shared initiatives and to garner recommendations for consideration by government.

- Established an informal REDA Working Group to provide advice on provincial government policies, programs and initiatives related to regional economic development.

11. Administered funding provided to REDAs that supports local administration, programming and projects.

- Continued to provide core funding and support to the 26 REDAs with funding supporting administration, operations and over 150 projects and initiatives.
- Provided REDA Enhancement Funding for 12 special projects.

12. Provided leadership and training to SBLAs.

- Continued to provide training and support to SBLAs.

13. Provided leadership and analysis for the development of alliances and other partnerships.

- Continued to provide support and leadership to organizations such as the Action Southwest Business Networks Coalition.

Summary of Financial Results

The Department's 2005-06 expenditure budget (appropriation) was \$6.626 million. In the fall of 2005, the Legislature approved an additional \$1.531 million as Supplementary Estimates. In the spring of 2006, an additional \$0.478 million was authorized by Special Warrant.

Supplementary Estimates funding of \$1.531 million was provided:

- to address costs associated with the establishment of the Department in 2005-06;
- for tenant improvements required to centralize Department staff; and
- to provide an annual grant to the Saskatchewan Snowmobile Fund for snowmobile trail maintenance to support rural economic development in the Province. This expenditure was offset by revenue generated from increased snowmobile registration fees.

Special Warrant funding of \$0.478 million was provided:

- for operational expenditures and adequate staffing in regional rural development offices servicing rural areas.

The total funding appropriated and available to the Department was \$8.635 million.

The 2005-06 actual expenses were \$8.142 million; a variance of \$0.494 million less than the approved expense budget. Expense results by subvote and program area are summarized in subsequent pages of the annual report. Detailed payee information will be published in Volume 2 of the 2005-06 Public Accounts.

The revenue budget in 2005-06 was \$0.584 million. Actual revenue was \$0.418 million, a variance of \$0.166 million under budget. Revenue results are summarized in subsequent pages of the annual report.

The Department's actual FTE utilization in 2005-06 was 48.9 compared to a budget of 40.0. The variance of 8.9 FTEs is attributed to additional resources required with the creation of the new Department to provide central support and program delivery.

2005-06 Key Accomplishments

Programming and services promote and enhance economic development in rural areas in order to increase economic opportunity in rural communities. Programs, services and policies of the Department are constantly under evaluation in order to develop new and improve existing programs, services and policies. Feedback from stakeholders is critical in this assessment process. For example, input provided by the Co-operative Advisory Council and the Regional Economic Development Authorities (REDA) Working Group has been instrumental in developing strategies and programs to better serve their respective sectors and organizations.

As mentioned, as the Performance Plan for the Department of Regional Economic and Co-operative Development is currently under development, detailed reporting on the responsibilities outlined in the approved Plan will occur in the 2006-07 Annual Report. Future reports will include comparisons – both financial and performance - in relation to the approved Plan. Given this, reporting for 2005-06 is provided based on key accomplishments.

Growing and diverse businesses and co-operatives are necessary for long term sustainability. Rural Development undertook a number of initiatives to facilitate their establishment, maintenance, and growth including:

1. Developed, implemented and facilitated economic development strategies.

Business Retention and Expansion (BR&E) initiatives are receiving provincial, national and international interest as an economic development strategy to be used as a "model" for growing existing business and urban and rural communities. With the assistance of Rural Development staff, to date, some communities across Saskatchewan have begun to use the BR&E program as a means to growing their community. These communities include Swift Current, Assiniboia, Humboldt and Moose Jaw. Plans are underway to develop and support additional BR&E programs in other regions of the province to realize some of the successes that have already developed within the southwest initiatives.

In addition, every year, the Business Retention and Expansion International (BREI) Conference features an array of world-class and expert speakers, networking opportunities, training sessions, sharing of best-practices, as well as professional and economic development tools, pertinent to the rapidly changing and increasingly important field of economic development, particularly in the practice of business retention and expansion. The Department prepared a bid and was successful in winning the honour of hosting the next conference to be held June 4-8, 2007 in Regina.

Throughout 2005, several individuals, community groups and organizations identified opportunity for the production of renewable fuels, particularly ethanol, production in Saskatchewan. Rural Development began work with ethanol proponents, communities, the Saskatchewan Ethanol Council, the Saskatchewan Biodiesel Development Task Force, Saskatchewan Environment, Saskatchewan Industry and Resources, Saskatchewan Agriculture and Food and others in order to achieve a collective and strategic plan for the future of the renewable fuels industry in Saskatchewan. A Saskatchewan renewable fuels working group was established and met regularly to share information, analyze opportunities and hurdles and jointly provided solutions and recommendations, which were then advanced through government. The working group, along with Department officials, will continue to research and make recommendations to both the federal and provincial governments in anticipation of a federal renewable fuels standards and program.

In partnership with the Saskatchewan Co-operative Association, Rural Development conducted a review of co-operative services, which was presented to the Co-operative Advisory Council. In response to the review, the Council initiated the development of a strategic plan, which will be completed and implemented in 2006-07.

Rural Development worked with the First Nations Agricultural Council of Saskatchewan (FNACS) to assist them with developing strategies to support the promotion and development of agricultural co-operatives in First Nations communities. Funded by the Government of Canada's Co-operative Development Initiative, the project has established

three co-operatives. Rural Development provided funding for co-operative development training for FNACS, the boards of these emerging co-operatives and related organizations.

A number of other initiatives, undertaken in partnership, have resulted in development and implementation of regional economic development strategies. These are highlighted in other portions of this report.

2. Provided information, training, pathfinding and advisory services to support economic, co-operative and business development.

The first two issues of *Communities at Work* were distributed to rural households in the fall and winter of 2005. The newsletter shares projects, concepts, business success stories and information on programs and services that others can use to create prosperity in their own regions. As a result, many enquiries have been generated to the Department on business and economic development initiatives and Department programming. This is further enhanced through regular news releases highlighting economic development activities and successes throughout the province.

The Department provides business and co-operative development support through assessment, information, pathfinding and referral services. Through the Rural Development's regional office network, 5,843 business inquiries were addressed in 2005-06.

Rural Development worked with members of the Action Committee on the Rural Economy (ACRE) to organize half-day Opportunities Conferences in locations throughout rural Saskatchewan in February 2006. Through these conferences, ACRE took entrepreneurial messages to communities in an effort to help potential entrepreneurs take the next step, find a mentor and spark rural development. Each of the six meetings featured three rural entrepreneurs who highlighted their businesses, including challenges and successes they experienced. A mini-trade show was held in conjunction with each meeting, featuring displays, information and representatives from Regional Economic Development Authorities, Agricultural

Business Centres, Rural Development and other organizations. In total, approximately 105 participants attended meetings in Meadow Lake, Outlook, Shaunavon, Melfort, Melville and Weyburn.

The Department, in partnership with Regional Economic Development Authorities (REDAs) and other stakeholders, develops, delivers and facilitates a variety of economic development-related training and workshops. Examples in 2005-06 included the Youth Opportunities Unleashed (YOU) program training models, Saskatchewan Economic Developers Association (SEDA) training, home-based business conferences, business start-up workshops, support to Entrepreneurship 30 courses in high schools, Youth Business Excellence Award programs and Junior Achievement programs, to name a few.

Rural Development collected and updated statistics and information related to provincial and regional demographic and economic indicators from a variety of sources, such as the information garnered through the work with the University of Saskatchewan's Canada Rural Economy Research Lab. Using this data and information, the Department is able to identify the strengths and weaknesses of the provincial or regional economy and estimate and forecast demographic and socio-economic trends. This in turn will assist the Department and others to identify proper policies and programs to induce regional economic development.

The Department supports the promotion and development of new and expanding co-operatives through technical assistance. In 2005-06, Rural Development responded to over 180 inquiries from potential, developing, new and existing co-operatives.

Since 1998, the Co-operative Development Assistance Program has funded 36 co-operatives located in communities across the province. Funding assists these co-operatives in assessing their viability and in developing their business and organizational structures. Five applications were approved in 2005-06.

In partnership with the Saskatchewan Co-operative Association, Rural Development organized and participated in Co-operatives Week from October 16-23, 2005. Co-operatives Week is a national event held to recognize the contributions of the co-operative sector to economic and social development and to promote co-operatives and co-operation as a tool for development. Activities in Saskatchewan include a flag raising ceremony at the Legislature, a Co-operative Council of Regina luncheon, Saskatchewan Co-operative Merit Awards presentations to recognize achievements and a Saskatoon Co-op Network luncheon. The Department further recognizes co-operatives through the Co-operative Recognition Program. In 2005-06, 65 co-operatives were recognized for significant anniversaries.

The Department provides annual funding to the Centre for the Study of Co-operatives under a five-year agreement with the University of Saskatchewan and key co-operatives. The Centre provides programming at the graduate and undergraduate level along with research on co-operative models.

The Saskatchewan Made Program assists Saskatchewan manufacturers in identifying their products as "Saskatchewan Made." Programming promotes the province's products and expertise by profiling products that are produced from materials made or grown in Saskatchewan. Currently, there are over 250 manufacturers listed under the program.

Access to economic development capital is critical for small businesses to establish and grow. Lack of financing options is often cited as one of the main barriers. The Department provides development capital through its Small Business Loans Association Program and associated Youth Opportunities Unleashed Program. Key accomplishments in these areas include the following:

3. Promoted and administered the Small Business Loans Association (SBLA) Program.

The Small Business Loans Association (SBLA) Program was established in 1989. SBLAs are local, community run organizations that can access interest-free revolving lines of credit of up to \$200,000. The SBLA then uses this line of credit to make loans of up to \$15,000 to individual businesses. There are more than 230 active SBLAs in the province. In 2005-06, the SBLA Program has provided over \$4.86 million in loan funding to more than 475 new and existing businesses. This funding has assisted in creating over 500 new jobs and maintaining over 760 existing jobs. Since its inception in 1989, the program has provided funding of \$55.9 million to over 8,500 businesses, resulting in the creation and maintenance of over 22,000 jobs. Over 90 per cent of the program activity is in communities outside of Regina and Saskatoon. The following table provides a summary of the activities of the SBLA program over the past five fiscal years (Source: Investment Programs Unit, Regional Programs and Services Branch, Regional Economic and Co-operative Development):

<i>Fiscal Year</i>	<i>Total # of loans</i>	<i>Total \$ amount</i>	<i># Jobs created</i>	<i># Jobs maintained</i>
05/06	477	\$4,861,950	513	763
04/05	577	\$5,056,518	566	1008
03/04	487	\$3,430,903	552	581
02/03	506	\$3,574,309	478	680
01/02	495	\$3,475,486	460	675

The Department administers the SBLA Program through:

- approving new SBLAs and providing final approval on client loans, registering loan security and disbursement of funds to SBLAs,
- tracking the principal loan payments received from SBLAs;
- assisting SBLAs with the collection of delinquent loans;
- working with all SBLAs to ensure there is an understanding of the role of the Board of Directors and the various aspects of the program; and

- increasing the awareness of the SBLA program.

Success stories, featuring a broad range of businesses that have accessed the SBLA Program, have been developed and distributed at public events and trade shows and featured in Rural Development's newsletter and website. Promotion of these businesses helps to encourage new and existing businesses to develop or expand, while also highlighting the program.

4. Promoted and facilitated the Youth Opportunities Unleashed (YOU) Program.

The YOU initiative was launched in June 2004 as an enhancement to the SBLA program. The Program provides young entrepreneurs aged 18 to 30 the opportunity to realize their business ambitions through loans and training. In addition, a mentoring component is also being developed. During fiscal 2005-06, this initiative provided over \$950,000 in loan funding to 80 new and existing businesses. Since June 2004, \$1.46 million in loans has been provided to 121 young entrepreneurs across the province.

Effective legislation, regulation and policy designed to facilitate growth is the backbone for economic development at both an individual and community level. Rural Development undertook a number of initiatives in this area, including the following:

5. Developed and provided input into policy and program analysis and development undertaken by the Department and other departments and agencies.

In 2005-06, Cabinet approved amendments to The Small Business Loans Association Program Regulations to allow the increase of the application fee and amend the restriction involving purchase of eligible business where that person is a relative. The fee increase was to help offset the costs to government for the registration of security documents, searches and other inquiries to the Personal Property Registry and credit bureau searches. In addition, the existing regulations did not allow the approval of business loan funds for

the purpose of purchasing business interests/assets of a person involved in the business, where that person is a relative of another person in the eligible business. The intent of the new regulation is to prevent clients from utilizing program funding as a means of accessing operating funds by purchasing the already existing and owned assets through provision of evidence of an arms-length relationship.

Effective management of the Saskatchewan Snowmobile Trail Fund is required in order to maintain and enhance the positive regional economic impact the snowmobile industry has in this province, while also ensuring public safety. Extensive research, in co-operation with the Saskatchewan Snowmobile Association (SSA), Saskatchewan Government Insurance (SGI), Saskatchewan Finance, Saskatchewan Justice and Saskatchewan Environment was conducted with the purpose of understanding the full impact of the snowmobile industry in Saskatchewan and to make recommendations on how best to improve, manage and fund the Saskatchewan Snowmobile Trail Fund. The result was a new program for funding trail management including revised legislation and a three year contractual agreement with SSA. Parties will continue to work together over the three year period to monitor and make further recommendations if required.

In addition, input was provided on several policy and regulatory items being formulated by other departments, which helped to ensure small business and rural economic development issues were considered in their development.

6. Provided administrative, facilitative and technical support to the Action Committee on the Rural Economy (ACRE).

ACRE has been a key advisory body used in the evaluation and development of legislation, regulation and policy related to rural economic development. ACRE was formed in September 2000 by the Government of Saskatchewan to act as a catalyst for innovative ideas that address the challenges and opportunities facing rural Saskatchewan. Since its inception, this industry and stakeholder committee has developed 220 comprehensive recommendations for positive change and economic growth in rural areas. Early in the fiscal year, the government expanded ACRE's mandate to include a monitoring role. With a mandate to review the province's progress on implementing the recommendations submitted by ACRE and identify priority areas for work that remains to be done, ACRE launched a formal monitoring process in 2005-06. The Monitoring Committee, consisting of 19 ACRE members, was structured into two working groups: Agriculture/Transportation and Economic Development. By fiscal year end, the working groups had completed a review of the recommendations allocated to them and were set to begin the process of establishing priorities for future government action and formalizing their findings into a final report. This information will be tabled for discussion at a full ACRE meeting in 2006. Rural Development worked closely with ACRE in establishing the Monitoring Committee and facilitating the Committee's in-depth review of the government's actions related to the ACRE recommendations.

7. Worked with other departments, Crowns and agencies in the assessment of ACRE recommendations and identification of potential actions.

The Interdepartmental Rural Working Group (IRWG) is a provincial committee with representation from many provincial government departments and agencies with an interest in rural Saskatchewan and is chaired by the Department. Meeting on a regular basis, the IRWG plays an important role in the development of policy and

exchange of information across government on issues related to the file. It continues to serve as a primary contact group within government for input and feedback on initiatives of ACRE, responding to the many recommendations that ACRE has presented to government and working with ACRE as it monitors government progress in adopting those recommendations.

Economic development skills and entrepreneurial skills are needed to undertake effective economic development activities, and to maintain and grow businesses. The Regional Economic Development Authorities (REDA) Youth Employment and Small Business Loans Association Youth Opportunities Unleashed (YOU) Programs are two mechanisms available to provide opportunity for skill development. Accomplishments in these two programs included the following:

8. Administered the REDA Youth Employment Program.

In 1998-99, the REDA Youth Employment Program was introduced to provide senior business students or recent business graduates with employment and mentoring opportunities and to assist the REDAs with their business development activities. The Department provides funding to REDAs to hire youth 29 years or younger for a period of up to two years. Annual training for these interns is also provided. In 2005-2006, 15 REDAs participated in the program, hiring 18 youth. Since the program's inception, 126 opportunities have been made available to youth resulting in 44% of past participants being employed in an economic development related field.

9. Promoted and facilitated the YOU Program business skills training and mentorship component.

YOU training workshop modules, developed in 2004, have been provided to more than 120 community partners and individuals, who facilitate the actual training sessions. For example, in the fall of 2005, 10 young entrepreneurs successfully completed the YOU training modules offered by the Moose Mountain Rural Development Co-operative and the Town of Kipling. The materials feature four introductory modules: Introduction to Entrepreneurship, Introduction to Financing Your Business, Introduction to Business Management and Introduction to Marketing Your Business. Partners in workshops include the Community Futures Development Corporations, Regional Economic Development Authorities, Regional Colleges, the Canada-Saskatchewan Business Service Centre, Women Entrepreneurs of Saskatchewan Inc., the Saskatchewan Business Teachers Association and other departments and agencies.

During fiscal 2005-06, the concept of a Business Mentorship Institute (BMI) was developed in partnership with the Saskatchewan Chamber of Commerce (SCC), the Saskatchewan Trade and Export Partnership, Dimension 11 Consulting Ltd. and Rural Development, and with linkages to the Entrepreneurial Foundation of Saskatchewan. The Counselling Foundation of Canada agreed to provide significant resources to develop and initiate the project along with funding from the Western Economic Partnership Agreement. The objective of the Institute is to support business development and entrepreneurship through mentorship using existing mentorship programs, and to develop new programs. Work is continuing on the business plan with a formal launch expected in 2006-07. This program will be used to enhance the YOU Program.

Thriving communities are essential to sustaining rural populations and related economies. Effective organizations and alliances provide much needed regional co-ordination for economic development initiatives. The Department supports and promotes effective and diverse partnerships that build community capacity including the following:

10. Developed partnerships to facilitate information sharing, development of shared initiatives and to garner recommendations for consideration by government.

An informal Regional Economic Development Authority (REDA) Working Group was established in July 2005 to provide practical advice to Rural Development on provincial government policies, programs and initiatives that will foster and support an environment for sustainable regional economic development. Several recommendations were developed and implemented to enhance the REDA program, based on the principles of accountability, service standards and local commitment.

The Department provides ongoing support to the Regional Business Enterprise Centres, including co-location in those centres where there are Department regional offices. There are currently 19 centres throughout the province. These "single window" centres provide a means to co-ordinate services to assist entrepreneurship and small business development in the community or region, are developed in conjunction with REDAs, and are also Regional Access Sites of the Canada-Saskatchewan Business Service Centre. Other partner organizations in the Centres include Community Futures, Chambers of Commerce and other local economic development organizations. These are excellent examples of local organizations working together to facilitate economic development in their regions.

The Saskatchewan Economic Developers' Association (SEDA) is the provincial association for those who practice and support community economic development. As an independent, non-governmental organization, SEDA contributes to the province of Saskatchewan through development and delivery of a number of successful, well-established programs and services. The Department holds an ex-officio position on the board of directors of SEDA and provides sponsorship through membership and for major events such as the annual SEDA economic development conference.

The Department works in partnership with many other organizations to support economic development activities and programming including the Saskatchewan Council for Community Development,

Saskatchewan Trade and Export Partnership, Saskatchewan Association of Rural Municipalities, Saskatchewan Urban Municipalities Association, regional colleges, Western Diversification, Community Futures Development Corporations, Chambers of Commerce, Tourism Saskatchewan, Women Entrepreneurs of Saskatchewan, business organizations and associations and other provincial government departments and agencies.

Department staff have served as co-chair of Rural Team Saskatchewan (RTS) for the past three years. RTS is a federal government initiative, sponsored and supported by the federal Rural Secretariat. Members include federal and provincial government agencies with an interest in or responsibility for rural programming and policies, academics with an interest in rural research and representatives from interested non-governmental organizations that work in the area of rural economic development. RTS members meet monthly to discuss rural issues, share information and set programming priorities. The federal government provides funding, which is used in conjunction with funding garnered from interested parties, to carry out projects identified by RTS members.

Saskatchewan Rural Development hosted the Federal Provincial Territorial Senior Officials Responsible for Co-operatives meeting in Regina September 14 to 16, 2005. The group consists of federal and provincial officials responsible for the development and regulation of co-operatives. They meet each year to share information and ideas on the development and regulation of co-operatives in Canada.

11. Administered funding provided to Regional Economic Development Authorities (REDAs) that supports local administration, programming and projects.

The Department provides funding and support to 26 of the 28 REDAs in the province (all but Regina and Saskatoon). REDAs access grant funding, based on matching dollars, to provide economic development services in their regions. Since their inception in 1992, REDAs have become community-driven organizations who have pooled their resources, engaged in strategic partnerships with key economic stakeholders and developed action plans to drive economic development activities and projects in their regions. Core Funding is provided to REDAs annually on a cost-shared basis for REDA administration and projects. Through REDA Core funding, the 26 REDAs were involved in over 150 projects and initiatives in 2005-06.

The REDA Enhancement Fund (REF) provides further funding for special development projects undertaken by REDAs. REF is accessed by REDAs on a project proposal basis. Projects include opportunity identification, pre-feasibility and feasibility studies and development of business and marketing plans, for a wide variety of community-owned projects. As it is also provided on a cost-shared basis, REF funds lever matching funds from various federal programs and local sources. In 2005-06, 12 projects and initiatives were underway using REF funding. Since 1998-99, REDA REF funding has leveraged investment of over \$4 million for 177 projects in rural Saskatchewan and has realized capital investment to date of over \$77 million in these projects since inception. These projects have created 456 jobs and maintained over 200 jobs. Projections are for these numbers to increase over the life of the projects.

12. Provided leadership and training to Small Business Loans Associations (SBLAs).

Effectively operating SBLA boards are essential to the successful implementation of the SBLA Program. Staff met with local SBLAs to ensure an understanding of the various aspects of the SBLA program, including funding guidelines and governance of the associations. Program changes were also regularly communicated with quarterly statements and through updates in the SBLA handbook.

13. Provided leadership and analysis for the development of alliances and other partnerships.

Alliances and partnerships result in co-ordinated efforts, efficiencies and more successful economic development initiatives. The Department's primary partners in economic development are Regional Economic Development Authorities (REDAs) which offer a co-ordinated, co-operative approach to provincial economic development. Their membership consists of communities, rural municipalities, businesses, co-operatives and First Nations. Those partners pool their resources to support job and wealth creation within regions that they define. REDAs continue to be challenged to adapt more strategic and sophisticated approaches and models to compete globally. Rural Development's partnership efforts with REDAs, to support Saskatchewan business development, have resulted in Outstanding Achievement Awards from organizations such as Business Retention and Expansion International (BREI), Economic Developers Association of Canada (EDAC), Saskatchewan Economic Developers Association (SEDA) and Saskatchewan Council for Community Development (SCCD). Examples of these initiatives include:

- a) Action Swift Current, a Business Retention and Expansion (BR&E) initiative since 2002, is supported by the Southwest REDA with leadership and support from Rural Development. Since 1992, the group has identified a number of opportunities, challenges and issues facing the region. In February 2006, Action Swift Current conducted a survey of the business community that attended their annual report card event/social. The survey results

indicated that, since implementing a BR&E program in the city, economic growth has been greatly facilitated and accelerated. Action Swift Current continues to develop and implement its comprehensive and integrated strategic plan for the future vitality of the community.

- b) Action Southwest Business Networks Coalition (ASBNC) is a cluster strategy initiative and action plan supported by the Southwest and Cypress Hills REDAs with leadership and funding from Rural Development. The ASBNC strategic economic alliance is about building community capacity - an on-going process that develops skills and knowledge in a community and encourages citizens to develop a shared vision for their community. It enables a community or region to identify its strengths and weaknesses, to mobilize internal and external resources to meet local challenges, to develop strategies for effective action and to increase its individual capacity to take advantage of opportunities. Through the Action Southwest activities resulting in community mobilization, consensus building, skills development and the building of partnerships and networks, communities will be better equipped to achieve sustainable economic, social, cultural and environmental viability.
- c) The Strategic Alliance model is a partnership of three REDA regions (Battlefords, Big Gully and Border). This innovative initiative has created an organization capable of having a unit of quality complimentary staff who take on initiatives that have an impact throughout the region. This combination of urban, rural and First Nations governments truly represents the interests of residents in the region and serves as a model to address similar economic development issues across the province. Rural Development provided guidance in bringing the partners together and developed the model which has been adopted by the three REDAs on a pilot basis with ongoing evaluation by the Department.

2005-06 Financial Results

Summary of Expenditures

	2005-06 Estimate (\$000s)	2005-06 Actual (\$000s)	Variances over (under) (\$000s)	Notes
Central Management and Services	826	1,630	804	1
Policy and Planning	547	661	114	2
Investment Programs				
Regional Economic Development Authorities and Organizations	1,715	1,805	90	3
Small Business Loan Associations Concessionary Allowance	680	444	(236)	4
Small Business Loan Associations Loan Loss Provision	800	558	(242)	5
Saskatchewan Snowmobile Trail Management	—	482	482	6
Subtotal	3,195	3,289	94	
Industry Development				
Regional Development	837	1,664	827	7
Special Projects and Investment Services	583	408	(175)	8
Subtotal	1,420	2,072	652	
Co-operatives	638	602	(36)	9
Budget Appropriation	6,626	8,254	1,628	
Supplementary Estimates/Special Warrant	2,009	—	(2,009)	10
Total Appropriation	8,635	8,254	(381)	
Capital Asset Acquisitions	—	(135)	(135)	11
Capital Asset Amortization	—	27	27	12
Other	—	(4)	(4)	
Total Revised Estimates and Expenses	8,635	8,142	(493)	
FTE Staff Complement (FTE-Full Time Equivalent)	40.0	48.9	8.9	13

Third Party Funding (Transfers):	(\$000)
Regional Economic Development Authorities and Organizations	\$ 1,862
Saskatchewan Snowmobile Fund	482
Small Business Loan Associations	444
Saskatchewan Co-operatives	145
Other Third Party Funding	67
Total	\$ 3,000

2005-06 Revenue

The Department reports revenue from the Small Business Loans Association Program related to application fees submitted by loan applicants, imputed interest revenue based on the amount of loan funds provided to clients each fiscal year and reimbursement of unexpended Regional Economic Development Authority funding. All revenue collected is deposited in the General Revenue Fund.

Below is a summary of Rural Development's 2005-06 budgeted revenue compared to actual revenue.

	2005-06 Estimate (\$000s)	2005-06 Actual (\$000s)	Variances over (under) (\$000s)	Notes
Revenue				
Other Interest Revenue	473	372	(101)	14
Sales, Services and Service Fees	35	21	(14)	
Other Revenue	76	25	(51)	15
Total Revenue	584	418	(166)	

Loans and Guaranteed Debt

The Department administers the Small Business Loans Association Program. Additional information is provided in Appendix A.

Financial Schedules – Notes

Explanations of variances which exceed \$25,000 between Estimates and Actuals.

Expenditure

1. Salary and operating shortfall associated with the creation of the new department and tenant improvements required.
2. Salary shortfall associated with the creation of the new department.
3. Regional Economic Development Authority Youth Program expenses were higher due to increased program activity.
4. Imputed interest expenses were lower than budget due to a smaller number of funded loans.
5. The allowance for uncollectable Small Business Loan Association loan accounts receivable was lower than budget due to successful collection efforts.
6. Cabinet approved annual funding in 2005-2006 for snowmobile trail maintenance.
7. Additional funding was required to provide for operational expenditures and adequate staffing in regional Rural Development offices.
8. Expenditures were lower due to vacancy management and operational savings.
9. Expenditures were lower due to vacancy management.
10. Supplementary Estimates and Special Warrants increase the Province's overall budget and are disclosed in the Public Accounts as an increase in the appropriations.
11. Capital funding for leasehold improvements was not provided in budget.
12. Amortization expenses on capital funding on leasehold improvements was not provided in budget.

FTE

13. Additional resources were required to provide central support and program delivery.

Revenue

14. Interest on Small Business Loan Association loans was less than budget due to a lower dollar value of loans funded.
15. Refund of Previous Year Expenditures on Regional Economic Development Authority projects was lower than budget.

For More Information

This report provides information on Rural Development's accomplishments in 2005-06. If you have any questions or comments, we invite you to call (306) 787-9703,

or contact:

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Or send us an e-mail through Saskatchewan
Regional Economic and Co-operative
Development's website: www.recd.gov.sk.ca.

Appendices

Appendix A – Loan Disclosure

Small Business Loans Association Program

The Small Business Loans Association (SBLA) Program was established in 1989. SBLAs, which are community-run organizations, may access interest-free revolving lines of credit of up to \$200,000. An SBLA then uses this line of credit to make loans of up to \$15,000 to individual businesses. The program encourages the diversification of the province's economy and supports economic development by providing funding to non-traditional and young (18 to 30 years) entrepreneurs.

	Budget (\$000s)	Actual (\$000s)	Variance Over/ (Under) (\$000s)
Beginning Balance	7,491	7,491	0
Additions	8,000	4,845	3,155
Reductions	(5,991)	(4,137)	(1,854)
Ending Balance	9,500	8,199	(1,301)

Explanation of Variance:

- In 2005-06, uptake was lower than anticipated. Loan activity continues to be very dependent on economic conditions in communities outside Regina and Saskatoon as over 90 per cent of the program activity takes place outside the two major cities.
- Increased costs for Concessionary allowance (interest costs) due to an increase in the cost of borrowing.

Appendix B – Regional Office Contact Information

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